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Viewing cable 07BAKU1309, IRAN AND ARMENIA PURSUE STRONGER TRADE TIES, WHILE

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Understanding cables

Every cable message consists of three parts:

- The top box shows each cables unique reference number, when and by whom it originally was sent, and what its initial classification was.
- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
- The bottom box presents the body of the cable. The opening can contain a more specific subject, references to other cables ([browse by origin](#) to find them) or additional comment. This is followed by the main contents of the cable: a summary, a collection of specific topics and a comment section.

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If you find meaningful or important information in a cable, please link directly to its unique reference number. Linking to a specific paragraph in the body of a cable is also possible by copying the appropriate link (to be found at the paragraph symbol). Please mark messages for social networking services like Twitter with the hash tags **#cablegate** and a hash containing the reference ID e.g. **#07BAKU1309**.

Reference ID	Created	Released	Classification	Origin
07BAKU1309	2007-11-01 07:10	2011-08-30 01:44	CONFIDENTIAL	Embassy Baku

Appears in these articles:

<http://www.mcclatchydc.com/2011/04/17/112290/state-department-cables-reveal.html>

VZCZCXRO4942
PP RUEHBC RUEHDBU RUEHDE RUEHDIR RUEHKUK
DE RUEHKB #1309/01 3050710
ZNY CCCCC ZZH
P 010710Z NOV 07
FM AMEMBASSY BAKU
TO RUEHC/SECSTATE WASHDC PRIORITY 4138
INFO RUCNCIS/CIS COLLECTIVE PRIORITY
RUCNIRA/IRAN COLLECTIVE PRIORITY
RHEHNSC/NSC WASHDC PRIORITY
RUEHDIR/IRAN RPO DUBAI PRIORITY
RHMFISS/CDR USEUCOM VAIHINGEN GE PRIORITY
RUEKJCS/SECDEF WASHDC PRIORITY

C O N F I D E N T I A L SECTION 01 OF 03 BAKU 001309

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TREASURY FOR KRISTEN HECHT AND COLLEEN EDDY

E.O. 12958: DECL: 10/21/2017

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SUBJECT: IRAN AND ARMENIA PURSUE STRONGER TRADE TIES, WHILE
SUSPICIONS LINGER OVER IRAN'S REGIONAL AMBITIONS

Classified By: DCM Donald Lu for reasons 1.4 (b) and (d).

¶1. (U) This message has been cleared by Embassy Yerevan.

¶2. (C) Summary: During an October 1-5 visit to Armenia, Baku-based Iran Watcher met with foreign policy analysts, religious leaders, academics, and bankers to further explore Iranian-Armenian relations. Armenian analysts believe Iran's nuclear ambitions are unstoppable, with Iran increasingly convinced that U.S. forces are spread too thin to pose a serious military threat to Iran. Armenian commentators argued that Iran benefits from the regional status quo and particularly the unresolved Nagorno-Karabakh conflict.

¶3. (C) Summary continued: Iran and Armenia enjoy close cultural, trade, and economic ties. Bishop Paren Avedikyan estimated that only 100,000 to 150,000 Armenians remain in Iran, adding that many of these Armenians continue to seek guidance from Armenia even though they fall under a Lebanon-based Catholicos. The Armenian National Library pursues ties with Iran, having signed memoranda of understanding (MOUs) with the Iranian National Library and Archives. According to HSBC Bank Chief Executive Officer Anthony Turner, Iran's Bank Mellat is active in Armenia, providing trade and commerce-related services primarily to Iranian customers, although HSBC is terminating its relationship with Bank Mellat. Travel to the northern ports-of-entry revealed light Iranian vehicle traffic. End Summary.

Armenian Foreign Policy Analysts on Iran's Nuclear Program

¶4. (C) A range of foreign policy analysts and academics argued that there was little the U.S. could do to stop Iran from developing a nuclear weapon. According to Dr. David Shahnazaryan, Head of the Concorde Centre for Political and Legal Studies head and former Armenian Minister of National Security (Shahnazaryan is also a co-founding member of the Armenian National Movement party), the Iranian leadership is intent upon developing a nuclear weapons program and there is seemingly little the U.S. can do to stop this. Saying that Iran's economy is not sufficiently weak enough to force the Tehran regime to change its foreign policy direction, Shahnazaryan posited that the U.S. needed a strategic policy - not a tactical policy - to deal with Iran. According to Shahnazaryan, a military attack on Iran by the U.S. "was not wise" because while the U.S. would be militarily successful, "enormous political problems would follow." As direct talks between the U.S. and Iran seem unlikely, Shahnazaryan suggested that the U.S. consider employing a mediator with which to engage Iran. Pointing to French President Sarkozy's strong speech at the UN, Shahnazaryan suggested that Sarkozy would be an "effective" interlocutor, effective both in negotiations with Iran and in winning over EU public opinion on Iran.

¶5. (C) Concerning the Armenia-Iran relationship and Iranian interests in the Caucasus, Shahnazaryan said that he did not like Armenia's political and security relations with Iran. Shahnazaryan believes that Iran benefits from the status quo in all Caucasus conflicts, and particularly the Nagorno-Karabakh. According to Shahnazaryan, Iran is interested in keeping Azerbaijan focused on the unresolved Nagorno-Karabakh conflict because of Iran's insecurities about the ethnic Azeri issue in northwestern Iran. Reiterating his concern that relations between Armenia and Iran are not limited to the economic/commercial sphere, Shahnazaryan suggested that both countries enjoyed "high security and political relations." With regard to other regional actors, Shahnazaryan said that regional conflicts and Iran's confrontation with the West were in Russia's interest as well because they contributed to higher commodity

prices and a "desire to frustrate U.S. foreign policy efforts." Shahnazaryan suggested that Turkey was driven by a goal to become an energy and pipeline hub for Europe, and that would affect Turkish foreign policy. Noting that the possibility of an Iran/Russia/Turkey "energy axis" was being actively debated in Armenian foreign policy circles, Shahnazaryan suggested that this would be a danger for regional development. (Comment: Shahnazaryan's anti-regime biases may color his analysis, and indeed his presentation may be intended in part to pre-dispose U.S. policy toward the opposition. He strongly implies that the opposition Armenian National Movement would be considerably more pro-American than the current Armenian government, particularly in its relations with Iran and Russia. End Comment)

Insights Into Iran From the Holy See at Echmiadzin

¶6. (C) Bishop Paren Avedikyan explained that although Armenians in Iran fall under the Holy See of Cilicia in Antilyas (Lebanon), not Echmiadzin, Armenians in Iran still look toward Echmiadzin for guidance because the Catholicos of All Armenians (in Echmiadzin) claims seniority over the Catholicos of Cilicia. (Note: The Armenian Church has been divided into the rival Echmiadzin and Cilician Catholicosates since the fifteenth century, though in modern times relations between the two have been relatively benign. End Note). As such, many Iranian Armenians pay their respects to Echmiadzin - the fourth century birthplace of the Armenian Church - when visiting Armenia. The Echmiadzin Catholicosate thereby gains regular insights into the life of the Armenian community in Iran. According to Avedikyan fewer than 100,000 to 150,000 Armenians remain in Iran, less than half of official Armenian and Iranian government estimates (reftel). Avedikyan reported that Armenians in Iran leave primarily for two reasons: economic and legal, with most fleeing Iran's deteriorating economic situation and seeking better opportunities elsewhere. Legal issues affecting members of all of Iran's officially-recognized religious minority communities (Armenians, Jews, and Zoroastrian) also are a problem, according to the Avedikyan explaining as example the legal stipulation that should a member of any religious minority convert to Islam, then the entire family's inheritance becomes the legal property of the new convert to Islam.

¶7. (C) Within Iran, Avedikyan reports that the Armenian church has three dioceses centered around Esfahan and Tehran, and is led by a Tehran-based Archbishop. Characterizing relations with the Armenian Church in Iran as "amicable," Avedikyan claims that reattachment to the Mother See of Echmiadzin is an interest of many Armenians in Iran. Suggesting that the Iranian regime is not ignorant of this split, Avedikyan speculated that "Antilyas is probably cooperating with the Iranian government" and that Iran is probably "using it for its own purposes" (e.g., Iran wants to showcase its treatment of its religious minorities for public relations purposes).

Expanding Cultural Ties with Iran

¶8. (C) Providing an overview of Armenia's long-standing cultural ties and relations with Iran (the first Armenian-language printing press was reportedly located in Esfahan), Armenian National Library Head Davit Sargisyan said that his library had signed memoranda of understanding (MOUs) with the Shiraz Regional Library for Science and Technology and the Iranian National Library and Archives. Saying that the Armenian side was motivated by a strong interest to "locate Armenian objects in Iran due to many migrations," Sargisyan said that the Iranian side appeared motivated by a desire to gain access to Persian scripts in Armenian libraries. According to Sargisyan participants and hosts bore the costs for these exchanges, with participants paying for transportation expenses and hosts providing accommodation. Sargisyan said that the MOUs also envisaged full access to archives and databases, the details of this

arrangement still to be worked out.

¶9. (C) Speaking about his most recent visit to Iran in the summer of 2007, Sargisyan said that April 24 "genocide" remembrance protests in Iran had been banned, something that had been allowed back to Khomeini's time. That said, Sargisyan said that Armenian art and culture are on exhibit in a variety of museums, that Armenian-language papers and books are still published, and that there are 13 active Armenian churches in Esfahan alone. He said that many Armenians were emigrating to the U.S., Europe, and Australia, primarily for economic reasons. In Tehran, Sargisyan said that the Ararat Community Center enables members of the Armenian community to meet without the usual outside restrictions, with men and women allowed to meet, smoke, and no covering of women's hair. Sargisyan said that he admired the great amount of attention Iran pays to historical and cultural matters, making considerable investments in its new national library and Iranian Studies center.

A Banker's View

¶10. (C) According to HSBC Bank Chief Executive Officer Anthony Turner, Iran's Bank Mellat is active in Armenia, providing trade and commerce-related services primarily to Iranian customers. Characterizing Bank Mellat's Yerevan footprint as "small," Turner said that it was "respectable" and run by a "professional manager." Turner told Iran Watcher he had received instructions from London to cease all business relationships with Bank Mellat, and that he would be closing Bank Mellat's account with HSBC shortly. Concerning the Armenian Central Bank, Turner characterized it as "well-developed," operating with "sound regulations." He said that the Financial Intelligence Unit (FIU) was established within the Central Bank by Armenian legislation. Turner said that the Central Bank took its Anti-Money Laundering (AML) and Counter-terrorism Financing (CFT) obligations "seriously," with suspicious activity reports (SARS) having criteria-driven requirements such as mandatory reporting for all transactions in excess of 20 million Dram (approximately USD 55,000). Concerning other foreign banks active in Armenia, Turner said that Russian and French banks were also major players, with Gazprom planning to establish an Armenian subsidiary bank, something Turner said was most likely associated with Gazprom's interest in building an oil refinery at Meghri.

Survey of POEs with EXBS

¶11. (C) Traveling to Armenia's northern ports-of-entry (POEs) on the Georgian border at Bagratashen (land and rail), Bavra (land), and Gogovan (land), Iran Watcher and Embassy Yerevan's EXBS Advisor observed portal monitors in operation at all ports. Speaking with customs and border guard officials at each POE, Iran Watcher learned that Iranian vehicle traffic at Bavra and Gogovan was very limited, primarily privately-owned vehicle traffic in the summer months (reportedly Iranian Armenians going to Georgian Black Sea resorts for vacation). At the principle northern POE of Bagratashen, Iran Watcher observed light Iranian truck traffic, associated primarily with commercial goods such as plastics bound for Georgia. It appeared that some Iranian-plated trucks displayed the decal of a Yerevan-based shipping company. Enroute to the Gogovan POE, Iran Watcher also observed the Iranian-financed windmill farm at Pushkin Pass (approximately 25-30 kilometers north of Vanadzor), where at least four windmills were visible from the road. According to EXBS Advisor, the air POEs of Zvartnots and Gyumri will be outfitted with portal monitors in 2008, with EXBS outfitting the Zvartnots POE with monitors and the European Union outfitting the Gyumri POE.

Comment

¶12. (C) The Government of Azerbaijan (GOAJ) has repeatedly

claimed that weapons of mass destruction (WMD) are smuggled into the Republic of Armenia (and beyond) across Iran's border with Armenian-controlled Azerbaijani territory. While it is possible that WMDs are being smuggled across this border, it does not seem likely that these cargoes could then exit the Republic of Armenia without notice because all of Armenia's land and rail POEs are outfitted with portal monitors.

DERSE